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No. 83-132

IN THE

Supreme Court of the United States

OCTOBER TERM, 1983

STRUTHERS PATENT CORPORATION,
STRUTHERS WELLS CORPORATION and
STRUTHERS SCIENTIFIC & INTERNATIONAL CORPORATION,
Petitioners,

–against–

THE NESTLE COMPANY, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

STATEMENT

Respondent, in urging this Court to deny the petition for certiorari, has argued, incorrectly, that this matter has no importance other than to the parties; that petitioners failed to set forth specific facts showing genuine issues of material fact requiring trial; that the district court merely followed applicable precedent in determining the scope, content and level of skill in the pertinent art by examining the prior patents and publications in that art; and that the district court merely followed applicable precedent in ruling that the patent owner's prior sale of *equipment* capable of performing only one part of a claimed two-part unitary *process*, constituted an invalidating prior sale under 35 U.S.C. § 102(b).

These arguments are without basis in fact or in law. Respondent has also attempted herein to create confusion by irresponsibly asserting that the documentary evidence which petitioners presented to the Court of Appeals in connection with this appeal were not before the district court on the motions for summary judgment and were advanced for the first time on appeal. Nothing could be further from the truth.

The plain fact is that the documentary evidence to which petitioners have adverted in their petition and which they placed before the Court of Appeals, *was introduced by respondent* in the district court. Respondent relied upon certain of these documents in connection with its motions for summary judgment and the district court based summary judgment upon selected documents from this group while disregarding others from the same group. It is the process by which the district court selected from the available documentary evidence that which supported its conclusions of patent invalidity while disregarding or ignoring that which could lead to a contrary conclusion which has led to the egregious and unprecedented result below.

Petitioners respectfully request the Court to consider the following:

¶ The documentary evidence to which respondent so vigorously objects now was among that which was submitted to the district court below by respondent as exhibits to the affidavit of Stevan J. Bosses, dated January 14, 1976. Mr. Bosses was at that time a member of the law firm which was counsel to respondent in the district court action.

¶ Respondent used a great many of the Bosses exhibits in compiling its exhibit books in connection with the motions for summary judgment and used certain of them directly from the affidavit itself. For example, respondent's Group III memorandum, at page 15, refers to General Foods' answer to Struthers'

second Interrogatory 12(e) and (i),[1] on "file with this Court as defendant's [respondent Nestle] deposition, Exhibit C, Tab 29." The document referred to is one of the exhibits attached to the Bosses affidavit. Respondent also refers in that same Group III memorandum, at page 62, to Struthers' answer to General Foods' Interrogatory 119, stated to be "*on file with the Court* as Nestle deposition Exhibit 39, Tab G." (Actually Tab F.)

¶ Respondent referred in its Group I memorandum, at page 27, to Struthers' answer to General Foods' Interrogatory 51 which is found in defendant's deposition Exhibit 38, Tab A; and at page 45 of this memorandum, to defendant's deposition Exhibit 16, Tab 8, all of which are annexed to the Bosses affidavit.

¶ Respondent stated in all of its motions for summary judgment that it was relying on *"all pleadings and discovery on file herein"* which would include the Bosses exhibits.

¶ *The district court relied on certain of the Bosses exhibits as support for its grant of summary judgment* as shown in the opinion below wherein reference is made to "DDX" exhibits, as these are referred to in the Bosses affidavit. The district court, for example, referred to exhibit DDX 38, Tab A, pp. 8-10 (A-377)[2]; the Saporito deposition transcript, pp. 432-433, *"on file as DDX 16, Tab "* (A-380); and Struthers' answer to General Foods' Interrogatory 6, DDX 16, Tab 8, pp. 5381-5382 (A-381), among others. These exhibits included not only portions of deposition testimony and exhibits but also interrogatory answers, responses to requests for admission and other documentary exhibits.

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1 This document, as is the case with most if not all of the documents attached to the Bosses affidavit, was taken from other, earlier lawsuits between Struthers and General Foods Corporation, entitled *General Foods Corporation v. Struthers Scientific & Int. Corp. and Struthers Wells Corporation*, Civil Nos. 3566, 3665 and 3666, United States District Court for the District of Delaware.

2 Appendix to this petition for a writ of certiorari.

Petitioners are not dealing in "new documents" as respondent says (Resp. Br. p. 10). It should not matter that the Ganiaris memorandum (A-675) was not briefed to the court. It was in the record alongside the Hedrick (A-380) and Gottesman (A-383) memoranda which were similarly not briefed and *on which the court relied* to petitioners' detriment. The rule of law is that the trial court may not "overlook a factual issue even if the parties stipulated that none existed." *Soley v. Star & Herald Co.* 390 F2d 364, 366 (5th Cir. 1968).

GENUINE ISSUES OF MATERIAL FACT EXIST AS SHOWN IN GANIARIS' MEMORANDUM

Among the exhibits annexed to the Bosses affidavit is the memorandum of Neophytos Ganiaris, dated February 15, 1965 (A-675-683) which was identified therein as DDX 16, Tab 17.[3] Mr. Ganiaris is an inventor of three of the patents in suit (Nos. 3,531,295; 3,620,034; and 3,636,722). He is also an expert in the subject matter of the patented technology and gave affidavits on behalf of petitioners in connection with their opposition to the motions.

The Ganiaris' memorandum is crucial to an understanding of the significance of the salient facts in the case and raises genuine issues of material fact which should have precluded the grant of summary judgment. The Ganiaris memorandum demonstrates that:

> 1. as of February 5, 1965 a freeze concentration test run on coffee extract at General Foods' Hoboken, New Jersey plant produced "a thick layer . . . of wax on the centrifuge screen";
>
> 2. in the week of February 7, 1965, "continuous operation for more than 30 minutes was impossible due to wax";

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[3] The district court referred to Bosses exhibits DDX 16, Tabs 8, 14 and 16, stopping just short of this exhibit.

> 3. at a meeting on February 10, 1965 among Struthers and Maxwell House [General Foods] engineers it was decided that Maxwell House–Research Division "will initiate laboratory test on wax" and Struthers "will design the dewaxing equipment on the basis of the laboratory data"; and
>
> 4. it was jointly concluded that "Wax in the Extract: This problem did not receive the proper attention from either organization, MH or SS1." (A-675).

It was obviously in this sense, i.e., neither General Foods nor Struthers had paid proper attention to the complexities of the dewaxing problem prior to February 15, 1965, that Ganiaris averred that prior to January 1965 General Foods did not "appreciate" that a dewaxing operation was necessary. The district court's characterization of this statement as "untruthful" and "patently false" (A-399), without hearing the witness testify on the subject, constituted, at the very least, the improper resolution of a genuine and material issue of fact against the parties opposing motions for summary judgment. The impugned paragraph in Ganiaris' affidavit was not therefore a "naked" or "wholly unsupported allegation" as respondent has asserted to this Court (Resp. Br. p. 21).

Nor was Ganiaris' affidavit evidence "testimonially incompetent" (Resp. Br. p. 21). Ganiaris was Struthers' lead project engineer at the Maxwell House, Hoboken, New Jersey pilot plant in early 1965. For an extended period of time he worked in the company of Maxwell House engineers and had the opportunity to daily observe the perceptions and appreciation of the wax problem which he discussed in his affidavit.

Clearly, the district court overstated the case in telling of its attempt to make "every effort . . . at this time to comb the record and to determine if such [genuine] issues [of material fact] do, in fact, exist."(A-49). On the contrary, the district court stopped one exhibit short of the Ganiaris memorandum in its combing operation. As respondent surely knows, it is demonstrably not the fact that "Judge Debevoise consequently had no

occasion to consider those items [the Bosses affidavit exhibits] in connection with the motions: . . ."

THE DISTRICT COURT SHOULD NOT HAVE DECIDED THE LEVEL OF SKILL IN THE ART IN THE ABSENCE OF EXPERT TESTIMONY

The district court deduced from the alleged ease with which the problem of the gummy, waxy material clogging the centrifuge was supposedly solved in May 1964, in Winter Haven, Florida that it could it dispense with the need to determine the level of skill in the art on the basis of expert testimony and hold the patents invalid for obviousness under 35 USC § 103. Thus, the district court stated:

> "I have concluded, however, that the entire subject matter of the Reimus patents involves very simple (and I later find obvious) concepts. The skill in the applicable art is very high. (Note how easily the persons working on the "FreCon" unit in May, 1964, were able to solve the problem of gummy, waxy material clogging the centrifuge during the freeze concentration process.)" (A-407-8)

Thus the courts below concluded that a solution to the wax problem was simply and obviously arrived at at an early date and that the Reimus patents were invalid by virtue of a prior offer for sale and obviousness to a person of ordinary skill in the art. The entire subject matter of the Reimus patents *appeared simple and obvious to the court.* But such is not "the appropriate measure" under 35 U.S.C. § 103. *Chore-Time Equipment, Inc. v. Cumberland Corporation* 713 F2d 774, 779 (Fed. Cir. 1983). The problem was not that easily resolved as clearly indicated by the stated conclusion of Ganiaris' February 15, 1965 memorandum that "[t]his *problem* [wax in the extract] did not receive the proper attention from either organization, MH or SSI" (A-675).

The ten patents here in suit deal with freeze concentration of comestible liquids through the application of principles of

ice crystallization and the employment of heat exchange apparatus. It may well be appropriate for a trial court to decide that expert testimony is unnecessary in a patent case involving stackable trays[4], a feeder pan assembly for automated poultry feeding[5] or a one-piece plastic towel rack[6], but it was not appropriate in this case, particularly where documentary evidence of record, to which the courts below failed to advert, specifically indicates that the patented solutions were not obvious either to ordinary laymen or to highly skilled process engineers.

In failing to look to an available evidential source in determining the existence of genuine issues of material fact, the Court of Appeals ignored its own precedent and egregiously exceeded the established limits of summary judgment procedure. Such result warrants the consideration of this Court. As the Court of Appeals said in *Tomalewski v. State Farm Life Insurance Company* 494 F.2d 882, 884 (3rd Cir. 1974):

> "[Summary Judgment] is never warranted except on a clear showing that no genuine issue as to any material fact remains for trial * * * In reaching its determination the court has the power to penetrate the allegations of fact in the pleadings and look at any evidential source to determine whether there is an issue of fact to be tried. * * * Summary judgment may not be granted where there is the slightest doubt as to the facts. Brady v. Hearst Corp. 281 F. Supp. 637, 642 (D. Mass. 1968)."

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4 *Medical Laboratory Automation Inc. v. Labcon, Inc.* 670 F2d 671 (7th Cir. 1971)

5 *Chore-Time Equipment, Inc. v. Cumberland Corporation* 713 F2d 774 (Fed. Cir. 1983)

6 *Monoplastics, Inc. v. Caldor, Inc.* 371 F2d (2d Cir. 1967).

THE "ON SALE" ISSUE
MERITS REVIEW BY THIS COURT

Petitioners have contended (Pet. Br., pp. 15-18) that the courts below, in holding patent Nos. 3, 404,007 and 3,495,522 to Muller invalid on the grounds that the subject matter of such patents were "on sale" under 35 U.S.C. § 102(b), committed unprecedented error. The Muller patents are directed to a process and an apparatus for freeze concentrating as well as freeze drying comestible liquids. The holding of invalidity below was based on the demonstration by petitioners of its mobile FreCon *freeze concentration* unit, in Winter Haven, Florida in May 1964. This mobile unit was not capable of performing the *freeze drying* step which, along with the freeze concentration step, is an essential element of the claims of the '007 and '522 patents.

Petitioners' argument is simply this: The patent claims must describe the device or invention offered for sale in order for the "on sale" bar to apply. *Red Cross Mfg. Corp. v. Toro Sales Co.* 525 F2d 1135, 1142 (7th Cir. 1975). Since the claims of the Muller '007 and '522 patents are not directed to the FreCon unit, the "on sale" bar of section 102(b) cannot apply. In the Petition herein, *DeLong Corp. v. Raymond International, Inc.* 622 F2d 1135 (3rd Cir. 1980) and *Red Cross Mfg.* were principally cited in support of the foregoing argument. (Pet. p. 16.)

In the midst of advising this Court that the Petition "is notably bereft of citation of decisional authority supporting Struthers' opportunistic but meritless argument," respondent announces that it has found a case "directly in point," to wit, *DeLong Corporation v. Raymond International, Inc., supra* (Resp. Br. p. 18). Respondent states that in the *DeLong* case, *supra*, "[t]he patentee had made a prior sale of some, but not all, of the elements comprising the patented combination". Respondent's characterization of the *DeLong* case is profoundly incorrect.

The two patents in the *DeLong* case have to do with mechanisms for erecting massive marine platforms to be used in offshore drilling. The patent owner, DeLong, in resisting defendant's claim that the patented mechanism had been "on sale" and therefore invalid under section 102(b) argued that "the patent claim describes 'a combination of parts or components which includes an annular channel structure and an annular gripper assembly ' " and that the device that had been sold did not include an annular channel structure or an annular gripper assembly. The Court rejected DeLong's argument because the patent claim in issue was a Jepson claim.[7] The Jepson claim consists of a preamble portion which recites what is known and old in the art and an improvement portion which defines the boundaries of the claimed patent monopoly. By using the "Jepson" form the applicant for patent is relying on the subject matter following "improvement" for novelty. *Application of Simmons* 312 F2d 821, 824 (CCPA 1963). The annular channel structure and annular gripper assembly were recited in the preamble portion and not in the improvement portion and therefore were not part of the patent claim. What was sold, therefore, was precisely that which was *claimed* as the invention and covered by the patent. As the *DeLong* Court stated (p. 1143):

> The invoice identifies precisely what appears to be covered by the patentable claims of the Slemmons patent.

The Muller patent claims here in suit, unlike the patent claims in *DeLong, supra,* do not precisely, or even substantially cover the FreCon unit. *Red Cross Manufacturing Corp. v. Toro Sales Co.* 525 F2d 1135 (7th Cir. 1975).

The error of law below in this matter could well have a significant adverse effect on future patent litigation and deserves the attention of this Court.

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[7] Ex parte Jepson 1917 C.D. 62, 243, O.G. 525.

CONCLUSION

The instant petition for a writ of certiorari should be granted.

Respectfully submitted,

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